

To: McCabe, Janet[McCabe.Janet@epa.gov]; Ron Minsk[REDACTED]  
From: David Marchick  
Sent: Mon 11/18/2013 2:30:55 PM  
Subject: Fwd: BIOFUELS UPDATE: \*\*\*EPA Relying on 5 Cellulosic Biofuel Companies under '14 Cellulosic Standard

Sent from my iPad

Begin forwarded message:

**From:** "SCARGLE, THOMAS J" <THOMAS.SCARGLE@pes-companies.com>  
**Date:** November 18, 2013 at 9:28:56 AM EST  
**To:** David Marchick <David.Marchick@carlyle.com>, "MCSHANE, JOHN B" <JOHN.MCSHANE@pes-companies.com>, "RINALDI, PHILIP L" <PHILIP.RINALDI@pes-companies.com>  
**Cc:** "SCARGLE, THOMAS J" <THOMAS.SCARGLE@pes-companies.com>  
**Subject:** FW: BIOFUELS UPDATE: \*\*\*EPA Relying on 5 Cellulosic Biofuel Companies under '14 Cellulosic Standard

FYI,

E13 RINS opened at 18 this am.

Below is EMTS data for October...

Oct EMTS:	D4: 163.7M production	250.2M RINs	D5: 29.8M production	35.4M RINs
	D6: 1.16B production	1.17B RINs		

Tom

-----Original Message-----

From: opisethanol@opisnct.com [mailto:opisethanol@opisnct.com]  
Sent: Monday, November 18, 2013 9:16 AM  
To: OPIS Ethanol Updates  
Subject: BIOFUELS UPDATE: \*\*\*EPA Relying on 5 Cellulosic Biofuel Companies under '14 Cellulosic Standard

2013-11-18 09:15:27 EST

\*\*\*EPA Relying on 5 Cellulosic Biofuel Companies under '14 Cellulosic Standard

EPA is relying on production from five cellulosic biofuel companies to meet the proposed 2014 cellulosic biofuel standard of 17 million gal, the agency explained on Friday.

On Friday, EPA released its proposed 2014 Renewable Fuel Standard (RFS2), with

cellulosic biofuel proposed at 17 million gal, with a range also proposed of 8-30 million gal. Either proposal is well below the 1.75 billion gal of cellulosic biofuel that was originally envisioned.

In a lengthy 204-page document, also issued Friday, EPA provided details and justification for how it arrived at each of the RFS targets, including for cellulosic biofuel.

Specifically, EPA is relying on Abengoa, DuPont, INEOS Bio, KiOR and POET to produce a collective 8-30 million gal in 2014.

According to EPA:

--Abengoa's 24-million gal/yr cellulosic ethanol plant in Hugoton, Kan., is expected to come online during the first quarter of 2014. EPA is assuming 0-18 million gal of projected available volume for the year;

--DuPont's 30-million gal/yr cellulosic ethanol plant in Nevada, Iowa, is expected to come online in the second half of 2014. EPA is assuming 0-2 million gal of projected available volume for the year;

--INEOS Bio's 8-million gal/yr cellulosic ethanol plant in Vero Beach, Fla., began production during the third quarter of this year. EPA is assuming 2-5 million gal of projected available volume for the year;

--KiOR's 11-million gal/yr cellulosic gasoline and diesel plant in Columbus, Miss., which began production in March of this year. EPA is assuming 0-9 million gal of projected available volume for the year; and

--POET's 25-million gal/yr cellulosic ethanol plant in Emmetsburg, Iowa, is scheduled to begin production during the first half of 2014. EPA is assuming 0-6 million gal of projected available volume for the year.

"Based on the information we have received from these companies, our conversations with other government agencies and EPA's own engineering judgment, we are projecting that 8-30 million ethanol-equivalent gallons of cellulosic biofuel will be available in 2014," EPA explained in its proposal. "This range does not account for the estimate that EIA is required to provide to EPA containing estimates of the volume of cellulosic biofuel projected to be sold or introduced into commerce in 2014. The projected range also does not include any volume from facilities that could use pathways which have not yet been approved. If production volumes from these facilities were included, we would project a production range of 53-83 million ethanol-equivalent gallons," the agency noted.

"In our assessment, we focused on domestic sources of cellulosic biofuel. At the time of this proposed rule, no internationally-based cellulosic biofuel production facilities have registered under the RFS program and therefore no volume from international producers has been included in our projections for 2014," EPA added.

EPA has been sued several times related to its previous years' cellulosic biofuel standards, specifically focused on its methodology and calculation for arriving at its requirement. EPA appeared to be more cautious in this latest proposal.

"In projecting the actual volume of cellulosic biofuel that will be available for use in 2014, we have taken into account variation in expected start-up times, along with the facility production capacities, company production plans, the progress made in 2013, expected production distribution and a variety of other factors," EPA explained. "We used this information to determine the most likely production ranges for each of the individual companies and a production probability distribution within the range. We then used a Monte Carlo simulation to aggregate the individual ranges into a production projection for the cellulosic biofuel industry as a whole in 2014. We believe this method results in a projected production range that better represents our expectations for cellulosic biofuel production in 2014 than simply adding the low and high end of the production ranges from each of the individual companies," EPA added.

To view EPA's 2014 proposal, visit:

<http://www.epa.gov/otaq/fuels/renewablefuels/documents/rfs-2014-standards-nprm-11-15-13.pdf>.

--Rachel Gantz, [rgantz@opisnet.com](mailto:rgantz@opisnet.com)

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